

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01

INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15

USIA-06 OMB-01 /074 W

-----003321 271126Z /15

R 270730Z MAR 78

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 9141

INFO AMEMBASSY BANGKO

AMCONSUL HONG KONG

AMEMBASSY PARIS

AMCONSUL UDORN

CINCPAC

C O N F I D E N T I A L VIENTIANE 0378

BANGKOK ALSO PASS UDORN ELECTRICALLY

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ECON PGOV LA

SUBJECT: TRANSFORMATION OF THE LPDR ECONOMY TO THE SOCIALIST MODEL

REF: VIENTIANE 0363

1. A UN SOURCE WHO SPOKE TO AN AMBASSADOR FROM A COMMUNIST EMBASSY IN VIENTIANE SAID THAT ON MARCH 18 THE LAO MINISTRY OF FOREIGN AFFAIRS CALLED A MEETING OF ALL COMMUNIST COUNTRY AMBASSADORS IN ORDER TO GIVE THEM A PRIOR BRIEFING ON THE THADEUA BORDER CLOSING, REFTEL. OUR SOURCE SAID THAT IN THAT SAME MEETING THE LAO REPORTEDLY ANNOUNCED THAT A CAMPAIGN WOULD BE INTRODUCED WITHIN THE NEXT FEW MONTHS TO COMPLETELY NATIONALIZE ALL REMAINING PRIVATE ENTERPRISES.

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2. THE LAO ALSO REPORTEDLY SAID THAT LOCAL FOOD VENDORS WERE INSTRUCTED TO LIMIT THE SALE OF PORK AND OTHER FOOD ITEMS TO FOREIGNERS. PLAIN CLOTHES POLICEMEN WOULD APPREHEND PRIVATE VENDORS FOR SELLING MORE THAN ONE KILO OF PORK TO A FOREIGNER. AFTER THE THIRD SUCH OFFENSE THE VENDOR WOULD BE EXILED TO A RURAL AGRICULTURAL VILLAGE.

3. A VIETNAMESE WOMAN WHO OPERATES SEVERAL JEWELRY STORES IN VIENTIANE SAID THAT SHE EXPECTED THE GOVERNMENT TO PARTIALLY NATIONALIZ THE JEWELRY STORES WITHIN THE NEXT FEW MONTHS.

4. COMMENT: IN HIS MARCH 2 SPEECH TO THE JOINT SESSION OF THE SUPREME PEOPLE'S ASSEMBLY AND COUNCIL OF MINISTERS PRIME MINISTER KAYSONE PHOMVIHANE PLEDGED TO COMPLETE THE TRANSFORMATION OF THE LAO ECONOMY TO THE SOCIALIST SYSTEM BY 1981. NATIONALIZATION OF THE FEW REMAINING PRIVATELY OWNED ENTERPRISES WOULD BE IN LINE WITH THE THREE YEAR PLAN OUTLINED BY KAYSONE.

5. ONCE ALL PRIVATE ENTERPRISES HAD BEEN ELIMINATED FOREIGNERS WOULD, IN THEORY, ONLY BE ABLE TO PURCHASE ITEMS AT THE STATE OPERATED SUPERMARKET FOR DOLLARS. A CAMPAIGN TO LIMIT THE GOODS FOREIGNERS BUY ON THE LOCAL FREE MARKET WOULD BE A STEP TO ACHIEVE THIS GOAL.
MCWILLIAMS

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NNN

Message Attributes

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